

Message Text

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47 45

ACTION AF-18

INFO OCT-01 EUR-25 ISO-00 EB-11 SP-03 AID-20 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 EA-11 FRB-02 INR-10 IO-14 NEA-10 NSAE-00

OPIC-12 LAB-06 SIL-01 SWF-02 PA-04 PRS-01 USIA-15

DRC-01 XMB-07 /215 W

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R 291518Z APR 74

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 3770

INFO AMEMBASSY LONDON

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: EFIN, NI

SUBJECT: NIGERIA: MERCHANT BANKS DISCOVER NIGERIA

1. SUMMARY. FIRST NATIONAL OF CHICAGO REP ARRIVED
APRIL 27 TO SET UP MERCHANT BANK OPERATION. CHASE MANHATTAN
HAS MERCHANT BANK AUTHORIZATION, AND FIRST NATIONAL CITY
EXPECTS AUTHORIZATION IN MATTER OF DAYS. END SUMMARY.

2. IN APRIL 26 CONVERSATION WITH CENTRAL BANK GOVERNOR
DR. ISONG WE ASKED HOW MANY MERCHANT BANKS FMG PLANNED TO
AUTHORIZE, SAYING THAT WE KNEW ABOUT FIRST CHICAGO, CHASE
AND CITIBANK, AND HAD ALSO HEARD THAT AT LEAST ONE JAPANESE
AND ONE OR MORE EUROPEAN GROUPS INTERESTED. ISONG SAID THAT
FMG HAD NOT FIXED NUMBER. FMG WAS TRYING TO EXPAND SPECIALIZED
BANKING ACTIVITIES IN NIGERIA AND WAS OPEN TO ANY PROPOSITION
THAT WOULD CONTRIBUTE TO NIGERIAN ECONOMY.

FYI ISONG CLAIMED CERTAIN CREDIT FOR AUTHORIZATION TO
CITIBANK SAYING THAT MINISTRY OF FINANCE STILL BITTER

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ABOUT EARLIER EXPERIENCE WHEN CITIBANK BACKED AWAY

FROM COMMERCIAL BANKING OPERATION RATHER THAN AGREE TO
FMG EQUITY PARTICIPATION BUT THAT CENTRAL BANK HAD
PERSUADED MINFIN TO LET BYGONES BE BYGONES. END FYI.

3. WE ASKED IF FMG CONTEMPLATED DECREE SETTING FORTH UNIFORM
TERMS OF REFERENCE FOR MERCHANT BANKS, AND IF SO WHAT THESE
WERE LIKELY TO BE. ISONG SAID THAT EVENTUALLY AMENDMENT
TO BANKING DECREE WOULD BE REQUIRED OR ELSE NEW DECREE,
BUT FOR TIME BEING FMG WAS NEGOTIATING EACH MERCHANT BANK'S
TERMS OF REFERENCE IN LIGHT OF BANK'S PROPOSALS.

4. WE MADE POINT TO ISONG THAT WE LOOKED TO ARRIVAL US
"MERCHANT BANKS" TO FACILITATE FLOW OF US PRIVATE INVESTMENT
AND THAT TO SAME END WE ALSO HOPED FOR EARLY CONCLUSION OF
OPIC AGREEMENT. WE SAID THAT AS AN EMBASSY AND ON BEHALF
OPIC AND EXIM BANK WE WOULD LIKE TO CONSIDER WHAT WE
COULD DO IN RELATION TO INDIGENOUS BANKS THAT WOULD FACILITATE
US/NIGERIAN TRADE AND INVESTMENT RELATIONS. WE AGREED TO
RETURN TO THIS SUBJECT AT LATER DATE.
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Message Attributes

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